



Product Notice
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OHFA Homebuyer Down Payment Assistance Loan Program provides first mortgage financing and down payment assistance to eligible mortgagors. OHFA’s mission is to provide housing opportunities for moderate income individuals and families within the State of Oklahoma.

This **GOLD** product notice is provided to each Lender known by Oklahoma Housing Finance Agency (OHFA) that is doing business with originating offices in the State of Oklahoma. Lenders have the necessary qualifications to participate with OHFA and have been approved by OHFA Homebuyer Down Payment Assistance Loan Program. This product notice is not a substitute for the First Mortgage guidelines per Federal Housing Administration (FHA), Veterans Affairs (VA), Rural Development (RD) and HUD/Office of Native American Programs (ONAP).

ISSUER AND REVIEW AGENT:	
Oklahoma Housing Finance Agency 100 NW 63 rd , Suite 200 Oklahoma City, Oklahoma 73116 405-419-8207 or 1-800-256-1489 ext 207	OHFA is an instrumentality of government EIN Number: 73-0999618 Oklahoma Housing Finance Agency is exempt from Qualified Mortgage (QM) and Ability to Repay (ATR)
Lee Ann Smith, Director Single Family Homeownership leeann.smith@ohfa.org 405-419-8243	WEBSITE AND LINKS: www.ohfa.org ohfasinglefamily@ohfa.org – Loan review email ohfaratelock@ohfa.org – Loan rate lock email

TAX EXEMPT - MORTGAGE REVENUE BOND (MRB) REQUIREMENTS

- Subject to Recapture Tax for the first nine years of ownership:
 - Recapture Tax is a federal law, administered by the IRS that applies to mortgagors who buy their homes using MRBs. This requires repayment of a portion of the gain upon sale of the home, under specific circumstances. Recapture Tax can never exceed 50% of the gain.
- Eligible Homebuyers:
 - First Time Homebuyers (FTHB) are those borrowers which have not had an ownership interest in their primary residence at any time during the three (3) years preceding their date of application of a mortgage loan.
 - All loans must also be made to First Time Homebuyers (FTHB) unless the mortgagor is obtaining a mortgage loan on a residence located in a Targeted Area – Exhibit H-2A.
 - Co-Signors are permitted – co-signors will never occupy the property, will only guarantee the Note, and must meet the minimum credit criteria. Income for co-signors is not included in annualized household monthly income. Cosigner will not execute the purchase contract or security instrument, nor will they be in title.

DOWN PAYMENT ASSISTANCE AND APPLICATION

- 3.50% Down Payment Assistance
- DPA calculated on Total Loan Amount and/or Note Amount
- Application of down payment assistance (DPA) provided in connection with GOLD Govt is

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DOWN PAYMENT ASSISTANCE AND APPLICATION (CONT.)

to be determined after taking into consideration the extent which the seller is obligated to pay any portion of the closing costs as provided in the related real estate sales contract

- No repayment of DPA, no additional filing or lien on property
- DPA is funded at closing along with first mortgage funds by participating Lender
- Application of DPA:
 - First, towards meeting minimum down payment requirement applicable to the first mortgage loan originated
 - Second, toward “normal and customary” closing costs
 - Third, towards reduction of first mortgage loan principal balance
 - Max allowed for the Down Payment Assistance is 3.50% of the total loan amount. No portions of the DPA funds can be paid to the borrower unless the borrower is being reimbursed for allowed fees associated with the first mortgage loan. This includes additional gift funds from a family member.
 - Allowed reimbursable fees: earnest money, credit report and appraisal fee
 - A principal reduction of the first mortgage loan will be required if any DPA and/or additional gift funds from family are remaining after reimbursement of allowable fees

MORTGAGE PRODUCTS AND PROGRAMS

- FHA –Fixed Rate Section 203(b) and 234(c)
- VA – Fixed Rate
- USDA – RD – Fixed –Rural Housing Guaranteed Loan
- HUD Section 184 Indian Home Loan Guarantee Program
 - Minimum middle credit score 660
 - Maximum ratios are 31%/41%
 - **No** Condo’s, Townhomes and Manufactured Housing allowed
 - Follow HUD Section184 underwriting guidelines
- REFINANCE:
 - No mortgage loan may replace an existing mortgage loan except for construction period, bridge loans or similar temporary financing having an original term of 24 months or less. Once mortgagor occupies home as primary residence then the construction loan is ineligible for the refinance.
- REDUCED INTEREST RATES: Borrowers meeting the criteria below receive a reduction of .125% from the posted GOLD rate
 - OHFA 4TEACHERS:
 - ✓ Must hold a current Oklahoma State Department of Education Teaching Certificate. Borrower is currently under contract with any Oklahoma Accredited Public School and/or private/Parochial School.
 - OHFA SHIELD:

First Responders are those individuals with specialized training who are among the first to arrive and assist at the scene of an emergency.

 - ✓ Firefighter – currently employed as a firefighter with a department of an Oklahoma municipality or individuals currently representing a volunteer department as a volunteer firefighter
 - ✓ Police Officer – currently employed in law enforcement by an Oklahoma municipality or individuals that serve as volunteer law enforcement officers or reserve law enforcement officers; and are CLEET certified (police officers, patrol officers, sheriffs and other government law enforcement agency personnel)

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MORTGAGE PRODUCTS AND PROGRAMS (CONT.)

- ✓ Emergency Medical Services (EMS) – currently employed by an EMS provider, such as EMT's and Paramedics
- OKLAHOMA STATE EMPLOYEES – OSE:
 - ✓ Must be currently employed by an agency of the State of Oklahoma (complete list of agencies can be found at <https://www.ok.gov/portal/agency.php>)

TERMS

- Purchase price: \$310,600; contract sales price cannot exceed the maximum permissible acquisition purchase price limit per Exhibit H-2A
- Must occupy property as primary residence within 60 days of closing
- Loans securitized by GNMA – Ginnie Mae
- 30-year amortization
- Security – First Lien
- Fee simple
- No prepayment penalty
- Assumability – A mortgage loan may be assumed by a subsequent homebuyer only if all eligibility requirements of the new mortgagor, the residence, the mortgage loan and all other product requirements are satisfied at the time of assumption as if the mortgage loan was being originated for the first time. All assumptions must be submitted to OHFA for Compliance Review and written approvals by all applicable parties must be obtained prior to closing.

PROPERTY TYPE AND ELIGIBILITY

- Primary owner-occupied residence only
- Properties must be in the State of Oklahoma
- 1 – Unit
- Condominiums – FHA only – refer to US Bank HFA Division Guidelines
- New and existing single-family homes
- Manufactured Housing
 - FHA only
 - Multi section
 - Must meet US Bank guides for Manufactured Housing – posted on US Bank's website
 - Minimum middle credit score: 680
 - DTI: 45%
 - **NO manual underwrites**

INCOME REQUIREMENTS

- All product loans utilize the *annualized household monthly income* of the mortgagor and may not exceed the maximum permissible family income per the Exhibit H-1A. (Revised: May 21, 2021)
- Current income calculated monthly and then annualized for 12 months. This includes overtime, SSI, child support, etc.
- Self-employed – any write offs are viewed as income to OHFA
- Income includes all household occupants over the age of 18
- These income limits are based on the IRS Code restrictions relating to Tax Exempt Mortgage Revenue Bonds
- It is the Lender's responsibility to ensure the borrower's income does not exceed the maximum income limits per the products.

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UNDERWRITING – DEBT TO INCOME – CREDIT SCORE

- All loans must meet standard FHA, VA, USDA-RD and HUD Section 184 underwriting guidelines, credit eligibility, Loan to Value (LTV) and appraisal standards. All borrowers’ contributions toward the purchase must meet product guidelines and underwriting standards.
- Automatic underwriting – DU, LPA or Rural Development GUS with Approve/Accept
- DPA should be entered in AUS as FHA-Gift-Assistance – Source Government
- All borrowers must meet a minimum credit score and DTI for first mortgage

Effective	Property	Minimum Middle FICO	Maximum DTI	Reserves
FHA	1 unit	640 – 660	45%	1 month
FHA	1 unit	661 – 679	45%	AUS determines
FHA	1 unit	680	45.01 – 50%	AUS determines
VA, USDA-RD	1 unit	640	45%	AUS determines
Manuf Housing	1 unit	680	45%	AUS determines

- **Manual underwrite:**
 - Loan can be manually underwritten if the lender receives a Refer or if the borrower(s) has ZERO/NO credit scores. **Must adhere to agency/US Bank guidelines maximum housing and debt-payment to income ratio – with minimum reserves of 2 months PITI for all loan types**

Effective	Property	Minimum Middle FICO	Housing Ratio	Total Debt	Reserves
FHA	Manual underwrite not allowed on FHA financing				
VA	1 unit	640	-	41%	2 months
USDA-RD	1 unit	640	29%	41%	2 months
HUD 184	1 unit	660	31%	41%	2 months

- OHFA Underwriting overlays:
 - Homebuyer Education not required
 - 10 Acre Limit
 - Second Mortgages and/or additional DPA from other entities are not allowed
 - Mortgage Credit Certification not allowed
 - Originating lenders are required to re-purchase defective mortgage loans
 - Multiple OHFA loans not allowed
 - Not allowed - rental or vacation homes, co-ops or investment homes

LOCKING – RESERVING / PRICING

- **Locking/Reserving**
 - All loans are locked/reserved thru OHFA Lenders Login located under the Lenders tab on our website
 - Print Loan Confirmation for your records
 - OHFA will email lender – Lender’s Review Certification (LRC)
 - OHFA will lock/reserve loans for lenders. Email 1003, with census tract, program, rate, credit score(s) and estimated closing date to ohfaratelock@ohfa.org. Once loan is locked/reserved the Loan Confirmation and LRC will be emailed to lender of record.
 - Guaranteed rate coverage 4pm or overnight until rate change at 10am the next day

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LOCKING – RESERVING / PRICING (CONT.)

▪ **Fees**

- Investor Funding Fee* of \$400 (reflected in Box A of the LE & CD)
- Tax Monitoring Fee* of \$80 (reflected in Box A or B of the LE & CD)
- No Review Fee is charged by OHFA

*The Investor Funding Fee and Tax Monitoring Fee should not have “Bond”, “OHFA” or “US Bank” associated with it on the LE or CD. These fees are the Lender’s fees until US Bank purchases the loan; and are never OHFA’s fees.

▪ **Interest Rates**

- OHFA will post rate at 10 am CST. Rates will be emailed to lenders and placed on OHFA website – www.ohfa.org under Lender Resources.
- Rates are subject to change based on secondary market

▪ **Lender SRP Pricing**

- Reservation to 75 days - purchase: 102.00%
- 76 days - 90 days purchase: 101.75%
- 91 days - 120 days purchase: 100.75%
- 1.00% Origination allowed – Lenders’ Option

OHFA additional verbal/email approval required on closed loans purchased after 121 days from reservation - Price: 100.25%

All loans must be delivered to US Bank for purchase. Lender SRP pricing above details reservation to purchase for the appropriate service release premium.

REVIEW, APPROVAL AND CLOSING

▪ **Loan Review:**

- Email loan documents to ohfasinglefamily@ohfa.org
- Subject Line: Loan number, Last Name
- OHFA Documents:
 - ✓ Loan Confirmation
 - ✓ Lender’s Review Certification
 - ✓ Loan Transmittal
 - ✓ Uniform Residential Mortgage Application
 - ✓ Purchase Contract
 - ✓ Loan Estimate
 - ✓ Three years validation of rental: Verification of Rent **OR** Credit report reflecting 3 year rental verification. One or combination of the above must cover three years rental history.

▪ **OHFA Loan Approval:**

- OHFA issues Approval Letter
- OHFA issues Down Payment Assistance Letter
- Mortgage Revenue Bond (MRB) Disclosure
- OHFA issues Mortgagor’s Closing Certification
- All documents sent/emailed to lender of record

▪ **Lender Loan Closing:**

- Fund OHFA DPA along with First Mortgage Loan
- OHFA Down Payment Assistance Letter executed at closing
- Mortgagor’s Closing Certification executed at closing



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REVIEW, APPROVAL AND CLOSING (CONT.)

- Tax Exempt Rider executed at closing and recorded with the mortgage
- Notice of Potential Recapture Tax executed at closing
- Mortgagor Affidavit and Certification – Reaffirmation of Mortgagor executed at closing
- Mortgagor Revenue Bond Disclosure delivered to customer
- Post-Closing (within 5 days of closing provide all the following):
 - Email loan documents to ohfasinglefamily@ohfa.org
 - ✓ Copy of executed Closing Disclosure
 - ✓ Copy of executed Mortgagor's Closing Certification
 - ✓ Copy of executed Down Payment Assistance Letter

MASTER SERVICER

US Bank Home Mortgage / HFA
Division
Excelsior Crossing
9380 Excelsior Boulevard
Hopkins, MN 55343
hfa.programs@usbank.com

- US Bank's HFA Division Lending Guide can be found by following the US Bank link from our website.
- Hover over the Lender tab and select US Bank; the link is at the top of the page.
- Or cut and paste this link in your browser https://hfa.usbank.com/HFA_Division
- On the landing page scroll down to "Enjoy Housing Finance Agency services", click on Learn More and select HFA Division Lending Guide.

PURCHASE AND SERVICING

- US Bank Purchase and Servicing:
 - US Bank will purchase loans approved by OHFA with the mortgage rate and terms reflected on OHFA Approval Letter, less fees, plus down payment assistance provided at closing and appropriate Service Release Premium based on purchase time from pricing model. (see above)
 - All loans will utilize MERS to US Bank
 - Loan Files will be delivered through US Bank's Doc Velocity Portal
 - Collateral Packages: US Bank Home Mortgage
Attn: Note Vault
5th Floor
9380 Excelsior Boulevard
Hopkins, MN 55343
 - Defective loans will not be purchased by US Bank

ELIGIBLE LENDERS

Lenders must be approved by US Bank to participate with OHFA. Interested lenders should contact US Bank Home Mortgage HFA Division at the help desk 1-800-562-5165, Option 2 / hfa.programs@usbank.com or contact Lee Ann Smith, Director of Single Family Homeownership, OHFA at 1-405-419-8243 / leeann.smith@ohfa.org.

Currently Third Party Origination not allowed with OHFA

QUESTIONS

Any additional questions, please contact Lee Ann Smith at 405-419-8243 or by email leeann.smith@ohfa.org.